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CENTRAL INTELLIGENCE AGENCY

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SUBJECT 1. Leadership of the Chinese Communist Party
2. Status of the Communist Party and Prospects for the Future

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Ranking Chinese Communist Leaders

1. LIU Hsiao-chi, a Chinese Communist figure unknown to most foreigners, is probably the second ranking man in the Chinese Communist Party (CCP), standing just below MAO Tse-tung. He outranks CHU Teh and CHOU En-lai. The Communists rate their leaders by their ability to avoid mistakes, and it is said that neither LIU nor MAO has ever been in error.
2. CHU Teh may not be the top commander in fact, and it is possible that he is responsible only for supplying the army.
3. LI Li-san has been criticized for taking excessive chances, but he is back in favor and is now in Peiping visiting MAO.

Chinese Communist View of the Future

4. Communist leaders have absolute confidence in their ability, given time, to carry out their aim of remodeling Chinese society. They appear to have the answer to the old problem of the peasants.
5. MAO's projected "new democracy" for China envisions an interim period of semi-capitalism lasting up to 50 years before China can hope to have a real socialist state. The Communists are determined to fit Marxism to native conditions, but sooner or later they will have to deviate from Moscow.
6. While Communist army and civil organizations are lacking in personal freedom, this condition is counteracted by a sort of democracy in which questions of policy come from the bottom up. Such questions are fully discussed by those involved before they reach the top level, where hard and fast decisions, binding upon all, are made.
7. The Communists admit a lack of experienced personnel for restoring the economy of Tientsin and Peiping. They are proceeding with great caution, and their pace is so slow that many businesses will not be saved.**

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8. Communists are always stressing their ability to find their own errors and rectify their mistakes. One of their favorite sayings is that a stubborn man is lower than a pig, as a pig's sensitive nose leads it around a stone.
9. A Communist central government for China will probably not be set up until Nanking has fallen. If the new government is recognized by the United States, one result will be the lifting of restrictions against foreign correspondents.

Communist Timetable

10. The Chinese Communist timetable, which is conservative, provides for taking Nanking and Shanghai in a year. However, it will probably be accomplished in six months.
11. Militarily capable of further advances now, the CCP hesitates on economic and administrative grounds. Students are training in Peiping for take-over in the south, but their number is not yet sufficient. Once in Shanghai, this training technique is to be repeated for Canton.
12. It is the Communist hope that LI Tsung-jen will be a second FU Tso-yi. With the southern peace delegates now in Peiping, the Communists will insist on the old 8-point settlement terms.*** Like Peiping, Shanghai will be surrounded and not taken by force.

Chinese Communist Attitude Toward USSR

13. Soviet Russia is considered by the Chinese Communists as the only socialist state in a hostile world, a model to be followed.
14. The Soviet Union does not want war now, because it is still rebuilding from the last war and because it does not have the atom bomb. Peace will be maintained for three to five years.

25X1A6a * [REDACTED] Comment. The informant for this report. [REDACTED] 25X1X6

25X1X6 [REDACTED]. Not previously pro-Communist, he is now trusted by the Communists and has access to their top inner circles. That a man of his intellect should become convinced of Communist good intentions can mean, among other things, that Chinese liberals and intellectuals who were pro-American in the past may re-orient themselves and become pro-Communist and pro-Soviet (see [REDACTED]*). 25X1A2g

25X1A6a ** [REDACTED] Comment. This explains, for example, Dr. Leo Eloesser's difficulties in getting things accomplished through the Communists [REDACTED]*). The 25X1A2g informant is amazed at the exhaustive study and investigation the Communists make prior to even minor decisions.

25X1A6a *** [REDACTED] Comment. The informant believes that if Nanking accepts, LI will find it impossible to carry out the terms, and that Generalissimo CHIANG Kai-shek will then reappear to make a token resistance, after which he will quit.

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